

**Remarks for Assembly Committee on Ways & Means**  
*Regarding AB 50 – Base Budget Review Continuity*  
By Representative Donald Friske  
March 7, 2007

Thank you Chairwoman Kerkman and Committee members. I appreciate your hearing today and scheduling this legislation for consideration. I will present to you today a brief explanation of where this legislation arose and its merits for passage.

When I arrived in the Wisconsin State Assembly in 2001, I was dismayed to discover biennial budget documents only described funding increases and decreases. Base budgets were relatively unknown for the legislators to consider the budget.

In the 2002 Budget Repair bill (Act 109), I developed, the legislature approved and Governor McCallum enacted a provision requiring state agencies to provide a document specifying their base budgets once every six years. One third of all agencies will report each biennium. Two cycles have been reported so far, leaving one third to report two years from now.

I believe this is a great middle ground between the extremes of “zero based budgeting” and “performance based budgeting.”

While I thought the legislation was perfect, there is one provision that can make this section of the statutes better.

There is no provision in Ch. 16 requiring state agencies to provide their report to the legislature in the same format every six years. Without such a provision, it will be possible for agencies to change the format and prevent the legislature from deriving any true meaning from the documents when trying to compare them every six years.

This legislation will ensure meaningful information is available to the people most reliant on this information ... legislative budgeters. If we want Base Budget Review to be meaningful, we need to require agencies keep their categories consistent for us to compare.

I ask for your support on this legislation.

Thank you again for holding this hearing. I will be happy to try to answer any questions you may have.



## **Legislative Fiscal Bureau**

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April 11, 2007

TO: Representatives Friske and Kerkman  
State Capitol

FROM: Dave Loppnow, Program Supervisor

SUBJECT: Summary of Assembly Substitute Amendment 2 to Assembly Bill 50

At your request, I am providing information relating to Assembly Substitute Amendment 2 to Assembly Bill 50, which relates to state agency base budget review reports.

AB 50 was introduced on January 30, 2007, and referred to the Assembly Committee on Ways and Means. On March 7, 2007, a public hearing on the bill was held. ASA 2 to AB 50 was offered by Representative Friske on April 4, 2007.

### **Background -- Section 16.423 Base Budget Review Reports**

Section 16.423 of the statutes required one-third of all state agencies to submit a base budget review report in the 2001-03 biennium, and every third biennium thereafter. Another one-third of all state agencies were required to submit this report in the 2003-05 biennium, and every third biennium thereafter. The final one-third of all state agencies were required to submit this report in the 2005-07 biennium and every third biennium thereafter.

The report must contain the following information:

1. A description of each programmatic activity of the agency;
2. For each programmatic activity of the agency, an accounting of expenditures, by revenue source, in each of the prior three fiscal years; and
3. For each programmatic activity, an accounting of expenditures for the last two quarters in each of the prior three fiscal years.

The reports are to be submitted by September 15 in each even-numbered year. The September 15 date coincides with the submission of agency biennial budget requests. The statutes require that agency budget request submissions include the information required under s. 16.423. Under s.16.46 (5g) of the statutes, the biennial state budget report that is furnished to each member of the Legislature on the day of the Governor's budget message is required to include a summary of the information submitted by state agencies under s. 16.423 of the statutes.

Under s. 16.42(1)(b) of the statutes, each state agency is required to include in its biennial agency budget request clear statements of its specific objectives and, as appropriate, performance measures used to assess progress towards attaining those objectives.

### **Summary of ASA 2 to AB 50**

ASA 2 would specify that a state agency could use any format for its base budget review report. However, ASA 2 would require that if a state agency uses a format for a report that is different from the format that the state agency used for one or more previous reports, the state agency would be required to reissue all previous reports in the new format.

ASA 2 would delete the current requirement that a summary of the information in the base budget review reports be included in the biennial state budget report that is released on the day of the Governor's budget message. Instead, ASA 2 would require that the base budget review reports for the current biennium be included in the summary of state agency budget requests that current law requires the Department of Administration to compile by November 20 of even-numbered years. ASA 1 would also specify that the most recent statements submitted under s. 16.42(1)(b) be included in the November 20 compilation.

I hope that this information is helpful. Please contact me if you have questions.

DL/lah